



“INTERREGIONAL DISTRIBUTION GRID COMPANY OF CENTRE”, PUBLIC JOINT-STOCK COMPANY

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MINUTES
of meeting of the Board of Directors of IDGC of Centre
(in presentia-absentia)

«25» December 2015

Moscow

No. 26/15

Form of the meeting: **present-absent voting.**

Place of the meeting: **Moscow, 2nd Yamskaya, 4, floor 5, office 507.**

Time of the meeting: **10 hours 10 minutes – 12 hours 30 minutes.**

Participants of the meeting: **O.Y. Isaev, D.A. Malkov (video conference call), Y.N. Mangarov, M.M. Saukh (video conference call), R.A. Filkin, A.V. Shevchuk, N.I. Erpsher (video conference call).**

The written opinion (questionnaire) of the following members was taken into account while defining the results: **A.M. Branis, T.P. Dronova, Y.N. Pankstyanov, A.N. Kharin.**

Members who neither participated nor provided questionnaires: **none.**

The quorum is **present.**

Absence of objections concerning the materials and draft resolutions from V.G. Korolev, the observer of the Federal Antimonopoly Service of the Russian Federation, was taken into account at drawing up of the minutes.

Date of the minutes: **25.12.2015.**

The meeting of the Board of Directors of IDGC of Centre, PJSC was led by Chairperson of the Board of Directors of IDGC of Centre, Yury Nikolayevich Mangarov.

The following invited persons from IDGC of Centre's management were present:

I.V. Gromova – Deputy General Director for Human Resources and Organizational Design

E.V. Kabanova – Deputy General Director for Development and Sale of Services

A.E. Kuranov - Adviser to General Director

R.P. Mitrofanov - Deputy General Director for Capital Construction

K.A. Mikhailik – First Deputy General Director

A.V. Pilyugin – First Deputy General Director – Chief Engineer

S.Y. Rummyantsev – Deputy General Director for Economy and Finance

D.V. Sklyarov – Deputy General Director for Investment

L.A. Sklyarova - Chief Accountant - Head of Financial and Tax Accounting and Reporting Department

S.N. Sharapov - Acting Deputy General Director for Corporate Governance

S.V. Shpakova – Head of Internal Audit and Control Department

After the announcement of a quorum regarding the agenda items by Chairperson of the Board of Directors of the Company, Y.N. Mangarov, the meeting was called to order.

As proposed by Chairperson of the Board of Directors of the Company, Y.N. Mangarov, and with the consent of all of the members of the Board of Directors of the Company present at the meeting the adjusted agenda was approved.

AGENDA:

1. On approval of the report of General Director of the Company «On execution of the Business Plan of the Company, including the Investment Program and information about key operational risks, in 3Q 2015 and following the results of 9 months of 2015».
2. On approval of the Business Plan of IDGC of Centre, PJSC, including the Investment Program and information about key operational risks, for 2016 and forecast for 2017-2020.
3. On consideration of the report of General Director of the Company «On implementation of the decisions in 3Q 2015 taken at the meetings of the Board of Directors of the Company».

Item 1. On approval of the report of General Director of the Company «On execution of the Business Plan of the Company, including the Investment Program and information about key operational risks, in 3Q 2015 and following the results of 9 months of 2015».

Speaker in terms of the report on the Business Plan and information about key operational risks - S.Y. Rumyantsev – Member of the Management Board, Deputy General Director for Economy and Finance.

Co-speaker in terms of the report on the Investment Program - R.P. Mitrofanov – Deputy General Director for Capital Construction.

In discussing the report the questions were received from R.A. Filkin, A.V. Shevchuk.

The explanations and answers to the questions were given by: O.Y. Isaev, E.V. Kabanova, K.A. Mikhailik, A.V. Pilyugin, S.Y. Rumyantsev, D.V. Sklyarov.

After the discussion the members of the Board of Directors proceeded to vote.

Decision, taken at the meeting:

1. To approve the report of General Director of the Company «On execution of the Business Plan of the Company, including the Investment Program and information about key operational risks, in 3Q 2015 and following the results of 9 months of 2015», in accordance with Appendices ## 1-3 to this decision of the Board of Directors of the Company.

2. To mark:

2.1. the failure to comply with indicators on registration/re-registration of rights of use of land, state cadastral registration of the boundaries of protected zones of electric grid facilities for 9 months of 2015;

2.2. the growth of overdue accounts receivable (including provision for doubtful debts) from the beginning of the year by 13% (by 1 642 mln RUB).

3. To instruct General Director of the Company:

3.1. to take measures to reduce the risk of KOR-007 "The risk of deviation of overdue receivables from the value set in the Business Plan" to the level below critical;

3.2. to take measures to eliminate factors of the risk of KOR-015 "The risk of an accident due to the Company's fault";

3.3. to take measures to achieve the targets to perform work for registration/re-registration of rights of use of land, state cadastral registration of the boundaries of protected zones of electric grid facilities in 4Q and as a whole for 2015.

Voting results under the decision draft, announced at the meeting:

1. Oleg Yuryevich Isaev - «FOR»
2. Denis Alexandrovich Malkov - «FOR»
3. Yury Nikolayevich Mangarov - «FOR»

- | | | |
|----|---------------------------------------|---------|
| 4. | Maxim Mikhailovich Saukh | - «FOR» |
| 5. | Roman Alexeyevich Filkin | - «FOR» |
| 6. | Natalia Ilyinichna Erpsheer | - «FOR» |
| 7. | Alexander Viktorovich Shevchuk | - «FOR» |

Voting results by filling in the questionnaires:

- | | | |
|-----|--------------------------------------|---------|
| 8. | Alexander Markovich Branis | - «FOR» |
| 9. | Tatiana Petrovna Dronova | - «FOR» |
| 10. | Yury Nikolayevich Pankstyanov | - «FOR» |
| 11. | Andrey Nikolayevich Kharin | - «FOR» |

Total:

«FOR»	- «11»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

Decision is taken.

Item 2: On approval of the Business Plan of IDGC of Centre, PJSC, including the Investment Program and information about key operational risks, for 2016 and forecast for 2017-2020.

Speaker in terms of approval of the Business Plan and information about key operational risks - S.Y. Rummyantsev – Member of the Management Board, Deputy General Director for Economy and Finance.

Co-speaker in terms of approval of the Investment Program – D.V. Sklyarov – Deputy General Director for Investment.

In discussing the reports the questions were received from R.A. Filkin, A.V. Shevchuk.

The explanations and answers to the questions were given by: O.Y. Isaev, E.V. Kabanova, K.A. Mikhailik, A.V. Pilyugin, S.Y. Rummyantsev, L.A. Sklyarova.

Following the discussion of the report/co-report on the agenda, Chairperson of the Board of Directors of the Company, Y.N. Mangarov, gave a protocol instruction to the management no later than February:

- to inform the Company's Board of Directors on approved for 2016 tariffs for electric energy transmission and their effect on indicators of the approved Business Plan of the Company for 2016;
- to present at a meeting of the Company's Board of Directors information on activities performed by the management, aimed at collecting accounts receivable for supplied electric energy and delivery of electric energy.

After the discussion the members of the Board of Directors proceeded to vote.

Decision, taken at the meeting:

1. To approve the Business Plan of IDGC of Centre, PJSC, including the Investment Program and information about key operational risks for 2016, and to take into consideration the estimated figures for the period of 2017-2020 in accordance with Appendices ## 4 – 6 to this decision of the Board of Directors of the Company.
2. To mark mismatch of the Business Plan of IDGC of Centre, PJSC with the Investment Program of IDGC of Centre, PJSC for 2016-2020, approved by the Ministry of Energy of the Russian Federation (Order dated 14.12.2015 №951), in terms of sources of financing of the Investment Program.
3. To instruct General Director of the Company:
 - 3.1. to ensure fulfilling the targets set by the Business Plan of the Company not to exceed the quarterly level of outstanding loans and performing the Debt/EBITDA ratio at the end of 2016;

3.2. to minimize the amount of outstanding loans as at 31.12.2016, in the case of additional income and/or reducing costs in excess of the target values of the Business Plan of the Company;

3.3. to align the Investment Program and the Business Plan of the Company at the next adjustment of the Business Plan and Investment Program of the Company.

Voting results under the decision draft, announced at the meeting:

- | | |
|-----------------------------------|-------------|
| 1. Oleg Yuryevich Isaev | - «FOR» |
| 2. Denis Alexandrovich Malkov | - «FOR» |
| 3. Yury Nikolayevich Mangarov | - «FOR» |
| 4. Maxim Mikhailovich Saukh | - «FOR» |
| 5. Roman Alexeyevich Filkin | - «AGAINST» |
| 6. Natalia Ilyinichna Erpsher | - «FOR» |
| 7. Alexander Viktorovich Shevchuk | - «AGAINST» |

Voting results by filling in the questionnaires:

- | | |
|-----------------------------------|-------------|
| 8. Alexander Markovich Branis | - «AGAINST» |
| 9. Tatiana Petrovna Dronova | - «AGAINST» |
| 10. Yury Nikolayevich Pankstyanov | - «FOR» |
| 11. Andrey Nikolayevich Kharin | - «AGAINST» |

Total:

«FOR»	- «6»
«AGAINST»	- «5»
«ABSTAINED»	- «0»

Decision is taken.

Under this agenda item the following dissenting opinion of the members of the Company's Board of Directors, R.A. Filkina, A.V. Shevchuk was received:

Despite the overall fairly optimistic proposed draft of the business plan from the financial and economic point of view, the investment program raises many questions. We vote against this business plan because, in our opinion, the expenditure part contains the unreasonable from the economic point of view and the current macroeconomic situation items totalling more than 1 billion rubles, including various payments to the majority shareholder, a sponsorship contract with FC CSKA, costs of rental of premises, taking into account regions of the company's service area, increased costs of the VHI, private pension provision, questions on security costs. The Company does not adapt these types of expenditures to the changed environment at all. When sequestering these items the company would increase forecasted net profit by more than 50%.

Item 3: On consideration of the report of General Director of the Company «On implementation of the decisions in 3Q 2015 taken at the meetings of the Board of Directors of the Company».

Without a report/co-reports and without any discussion, based on materials reviewed, and as proposed by Chairperson of the Board of Directors of the Company, Y.N. Mangarov, the members of the Board of Directors proceeded to vote.

Decision, taken at the meeting:

To take into consideration the report of General Director of the Company «On implementation of the decisions in 3Q 2015 taken at the meetings of the Board of Directors of the Company» in accordance with Appendices # 7 - 13 to this decision of the Board of Directors of the Company.

Voting results under the decision draft, announced at the meeting:

- | | |
|-------------------------------|---------|
| 1. Oleg Yuryevich Isaev | - «FOR» |
| 2. Denis Alexandrovich Malkov | - «FOR» |
| 3. Yury Nikolayevich Mangarov | - «FOR» |

- | | |
|--|---------|
| 4. Maxim Mikhailovich Saukh | - «FOR» |
| 5. Roman Alexeyevich Filkin | - «FOR» |
| 6. Natalia Ilyinichna Erpsher | - «FOR» |
| 7. Alexander Viktorovich Shevchuk | - «FOR» |

Voting results by filling in the questionnaires:

- | | |
|--|---------|
| 8. Alexander Markovich Branis | - «FOR» |
| 9. Tatiana Petrovna Dronova | - «FOR» |
| 10. Yury Nikolayevich Pankstyanov | - «FOR» |
| 11. Andrey Nikolayevich Kharin | - «FOR» |

Total:

«FOR»	- «11»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

Decision is taken.

Appendices:

1. The report of General Director of the Company «On execution of the Business Plan of the Company, including the Investment Program and information about key operational risks, in 3Q 2015 and following the results of 9 months of 2015» (Appendices ## 1-3).
2. The Business Plan of IDGC of Centre, PJSC, including the Investment Program and information about key operational risks for 2016, and the estimated figures for the period of 2017-2020 (Appendices ## 4-6).
3. The report of General Director of the Company «On implementation of the decisions in 3Q 2015 taken at the meetings of the Board of Directors of the Company» (Appendices ## 7-13).

**Chairperson of the Board of Directors
of IDGC of Centre, PJSC**

Y.N. Mangarov

**Corporate Secretary
of IDGC of Centre, PJSC**

S.V. Lapinskaya